

THE BY-LAWS OF THE
RESERVE OF CLARENDON HILLS HOMEOWNERS ASSOCIATION
AN ILLINOIS NOT-FOR-PROFIT CORPORATION

ARTICLE I
NAME OF CORPORATION

The name of this corporation is The Reserve of Clarendon Hills Homeowners Association.

ARTICLE II
PURPOSE AND POWERS

2.01 PURPOSES: The purposes of this Association are to act on behalf all its members collectively, as their governing body, with respect to the preservation, care, maintenance, replacement, improvements enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare and the common use and enjoyment thereof by members of the Association, all on a not-for-profit basis. These By-Laws are subject to the provisions of the Declaration of Covenants, Conditions and Restrictions for The Reserve of Clarendon Hills ("Declaration") recorded with the Office of the Recorder of Deeds for DuPage County, Illinois on July 1, 1996, as Document No. R96-100589. All terms used herein shall have the meanings set forth in the Declaration.

2.02 POWERS: The Association shall have and exercise all powers as are now or may hereafter be granted by the General Not-For-Profit Corporation Act of the State of Illinois, the Declaration and these By-Laws.

ARTICLE III
OFFICE

The Association shall have and continuously maintain in this state a registered office and a registered agent whose office is identical with such registered office, and may have other offices within or without the State of Illinois as the Board may from time to time determine.

ARTICLE IV
MEETINGS OF MEMBERS

4.01 VOTING RIGHTS: The voting rights shall be vested exclusively in the Voting Members. Each Voting Member shall be entitled to one vote for each Townhouse Lot which the Voting Member represents. A Voting Member may vote in person or by proxy. All proxies shall be in writing, revocable, valid only for eleven (11) months from the date of execution and filed with the Secretary.

4.02 PLACE OF MEETING; QUORUM: Meetings of the Voting Members shall be held at a place designated by the Board in DuPage County as may be designated in any notice of a meeting. Twenty percent (20%) of the Voting Members shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, any action may be taken at any meeting of the Voting Members at which a quorum is present upon the affirmative vote of a majority of the Voting Members present at such meeting.

4.03 ANNUAL MEETINGS: There shall be an annual meeting of the Voting Members on the 1st day of November, commencing at the hour of 7 p.m., or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the Voting Members not less than ten (10) days prior to the date fixed for said meeting.

4.04 SPECIAL MEETINGS: Special meetings of the Voting Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Voting Members or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board, or by twenty percent (20%) of the Voting Members, and delivered not less than ten (10) days prior to the date fixed for said meeting.

4.05 NOTICE OF MEETINGS: Notices of meetings required to be given herein may be delivered either personally or by mail to the Voting Members, addressed to such Voting Member at the address given by him or her to the Board for the purpose of service of such notice or to the Townhouse Lot of the Voting Member, if no address has been given to the Board. The notice shall specify the date, time, and place of the meeting and the matters to be considered. A notice of meeting shall include an agenda of business and matters to be acted upon or considered at the meeting.

ARTICLE V BOARD OF DIRECTORS

5.01 GENERAL: The affairs of the Association shall be vested in the board of directors (the "Board"), which shall consist of five (5) persons ("Directors") or such other number of persons as shall be fixed from time to time by the affirmative vote of a majority of all the Voting Members. Each Director shall be an Owner.

5.02 ELECTION: At the initial meeting of the Owners, the Voting Members shall elect a full Board of Directors. The three (3) candidates receiving the greatest number of votes shall each serve a two year term and the two (2) candidates receiving the next greatest number of votes shall each serve a one

year term. Thereafter, each Director shall serve a two year term. Each Director shall hold office until his term expires or until his successor shall have been duly elected and qualified. Directors may succeed themselves in office. In all elections for members of the Board, the Voting Member for each Townhouse Lot shall be entitled to the number of votes equal to the number of Directors to be elected; cumulative voting shall be permitted.

5.03 ANNUAL MEETINGS: The Board shall hold an annual meeting within ten (10) days after the annual meeting of the Voting Members.

5.04 REGULAR MEETINGS: Regular meetings of the Board shall be held at such time and place in DuPage County as shall be determined by the Board, provided, that, not less than four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, at least two (2) days prior to the day named for any such meeting and such notice shall state the time and place of such regular meeting.

5.05 SPECIAL MEETINGS: Special meetings of the Board may be called by the President, at least one-third (1/3) of the Directors then serving, or upon written request of not less than fifteen (15) Owners.

5.06. BUDGET MEETINGS: Each Owner shall receive written notice mailed or delivered no less than 10 and no more than 30 days prior to any meeting of the Board concerning the adoption of the proposed annual budget or any increase in the budget or establishment of an assessment.

5.07 ATTENDANCE AT MEETINGS BY OWNERS: Meetings of the Board shall be open to any Owner except for the portion of any meeting held: (1) to discuss litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board finds that such an action is probable or imminent; (2) to consider information regarding appointment, employment or dismissal of an employee; or (3) to discuss violations of rules and regulations of the Association or unpaid common expenses owed to the Association. Any vote on these matters shall be taken at a meeting or portion thereof open to any Owner. Any Owner may record the proceedings at meetings required to be open by the Illinois Condominium Property Act by tape, film or other means; the Board may prescribe reasonable rules and regulations to govern the right to make such recordings. Notice of meetings shall be mailed or delivered at least 48 hours prior thereto, unless a written waiver of such notice is signed by the persons entitled to notice before the meeting is convened. Copies of notices of meetings of the Board shall be mailed to all homeowners at least 10 days prior to the meeting.

5.08 WAIVER OF NOTICE: Before or at any meeting of the Board any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any

meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.09 QUORUM: A majority of the Directors serving from time to time shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board, provided, that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. Except as otherwise expressly provided herein or in the Declaration, any action may be taken upon the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present.

5.10 COMPENSATION: Directors shall receive no compensation, but may be reimbursed for their expenses.

5.11 REMOVAL OR RESIGNATION OF DIRECTOR: Any Director may resign at any time by submitting his written resignation to the Board. If a Director ceases to be an Owner or Voting Member, he shall be deemed to have resigned as of the date of such cessation. A successor to fill the unexpired term of a Director who resigns may be appointed by a majority of the remaining Directors at any regular meeting or a special meeting called for such purpose and any successor so appointed shall serve the balance of his predecessor's term.

5.12 POWERS AND DUTIES OF THE BOARD: The Board shall have all of the powers and duties granted to it or imposed upon it by the Declaration, these By-Laws, and the Illinois General Not-For-Profit Corporation Act, including, without limitation, the following powers and duties:

- (a) To engage the services of a manager or managing agent upon such terms and with such authority as the Board may approve;
- (b) To provide for the designation, hiring and removal of such employees and such other personnel, including attorneys and accountants, as the Board may, in its discretion, deem necessary or proper;
- (c) To provide for any maintenance, repair, alteration, addition, improvement or replacement of the Common Area for which the Association is responsible under the Declaration and these By-Laws;
- (d) To procure insurance as provided for under the Declaration;
- (e) To estimate and provide each Owner at least thirty (30) days prior to adoption by the Board with a copy of the proposed annual

budget showing the Common Expenses;

- (f) To set, give notice of, and collect Common Expenses;
- (g) To pay the Common Expenses;
- (h) Subject to the provisions of the Declaration, to own, convey, encumber or otherwise deal with any real property conveyed to or purchased by the Association;
- (i) To adopt and, from time to time, to amend such reasonable rules and regulations as the Board may deem advisable for the use, enjoyment, administration, management, maintenance, conservation and beautification of the Common Area, and for the health, comfort, safety and general welfare of the Owners. Written notice of any such rules and regulations or amendments thereto shall be given to all Owners affected thereby;
- (j) To delegate the exercise of its power to committees appointed pursuant to Article Seven of these By-Laws.

ARTICLE VI OFFICERS

6.01 OFFICERS: The officers of the Association shall be a President, a First Vice-President, a Second Vice-President, a Secretary and a Treasurer. All officers shall be Directors and shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board.

6.02 VACANCY OF OFFICE: Any officer may be removed at any meeting of the Board by the affirmative vote of the majority of the Directors in office, either with or without cause, and any vacancy in any office may be filled by the Board at any meeting thereof.

6.03 POWERS OF OFFICERS: The respective officers of the Association shall have such powers and duties as are from time to time prescribed by the Board and as are usually vested in such officers, including but not limited to, the following:

(a) The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Voting Members and at all meetings of the Board and shall execute amendments to the Declaration and these By-Laws as provided in the Declaration and these By-Laws.

(b) The Secretary shall keep minutes of all meetings of the Owners and of the Board and shall have custody of the Association Seal and

have charge of such other books, papers and documents as the Board may prescribe.

(c) The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose.

(d) The Vice Presidents (in order of designation) shall act in the absence of the President and perform such other tasks as assigned by the Board.

6.04 OFFICERS' COMPENSATION: The officers shall receive no compensation for their services, but may be reimbursed for their expenses.

ARTICLE VII COMMITTEES DESIGNATED BY BOARD

7.01 BOARD COMMITTEES: The Board, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him or her by law.

7.02 SPECIAL AND ADVISORY COMMITTEES: Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Owners or representative of Owners and the President of the Association shall appoint the members of such committee and shall designate a Director to act as chair of such committee. Any member of such committee may be removed by the President of the Association whenever in his or her judgment the best interests of the Association shall be served by such removal. The function and duties of any such committee shall be as set from time to time by resolution of the Board. The chair of each committee shall be a Director (who shall act as the liaison between the committee and the Board).

7.03 TERM: Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.

7.04 CHAIRMAN: One member of each committee shall be appointed chairman.

7.05 VACANCIES: Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments to such committee.

7.06 QUORUM: Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

7.07 RULES: Each committee may adopt rules for its own government not inconsistent with the Declaration, these By-Laws or with rules adopted by the Board.

ARTICLE VIII CONTRACTS, CHECKS, DEPOSITS AND FUNDS

8.01 CONTRACTS: The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances. In the absence of any such authorization by the Board, any such contract or instrument shall be executed by the President and attested to by the Secretary or Treasurer of the Association.

8.02 PAYMENTS: All checks, drafts, vouchers or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board such instruments shall be signed by the Treasurer and countersigned by the President of the Association.

8.03 BANK ACCOUNTS: All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board shall elect.

8.04 SPECIAL RECEIPTS: The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

ARTICLE IX FISCAL MANAGEMENT

9.01 FISCAL YEAR: The fiscal year of the Association shall be established by the Association and may be changed from time to time by a resolution adopted by two-thirds (2/3) of the Board.

9.02 ANNUAL STATEMENT: The Board shall annually supply to all Owners an itemized accounting of the Common Expenses for the preceding year actually incurred or paid, together with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus reserves.

9.03 SPECIAL STATEMENT: Within ten (10) days after receipt of a written request from an Owner (together with payment of a reasonable fee, if any, set by the Board) the Board shall provide the Owner with a statement containing the following information:

- (a) The status of the Owner's account and the amount of any unpaid assessments or other charges due and owing from the Owner; and
- (b) The status and amount of any and all Capital Reserves.

9.04 ASSESSMENT PROCEDURE: Annual assessments and special assessments shall be made and collected as provided in the Declaration.

ARTICLE X BOOKS AND RECORDS

The Board shall maintain the following records of the Association and make them available for examination and copying at convenient hours of weekdays by any Owners: (a) copies of the recorded Declaration, By-Laws, and any other duly recorded covenants and any amendments, articles of incorporation, annual reports and any rules and regulations adopted by the Board; (b) detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred, and copies of all contracts, leases, or other agreements entered into by the Association; (c) the minutes of all meetings of the Association and the Board for a period of not less than 7 years; (d) ballots and proxies related thereto, if any, for any election held for the Board and for any other matters voted on by the Voting Members for not less than 1 year; (e) such other records of the Association as are available for inspection by members of a not-for-profit corporation pursuant to Section 107.75 of the General Not-For-Profit Corporation Act of 1986; (f) if any Owner is a land trust, if a trustee designates in writing a person to cast votes on behalf of the Owner, the designation shall remain in effect until a subsequent document is filed with the Association. Where a request for records under this Article is made in writing to the Board or its agent, failure to provide the requested record or to respond within 30 days shall

be deemed a denial by the Board. A reasonable fee may be charged by the Association or the Board for the cost of copying. If the Board fails to provide records properly requested under this Article within 30 days, the Owner may seek appropriate relief, including an award of attorney's fees and costs.

ARTICLE XI
SEAL

The Board may provide for a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal, Illinois".

ARTICLE XII
AMENDMENTS

These By-Laws may be amended or modified at any time, or from time to time by the affirmative vote of no less than two-thirds (2/3) of the Directors, provided that no provision of these By-Laws may be amended or modified so as to conflict with the provisions of the Declaration.